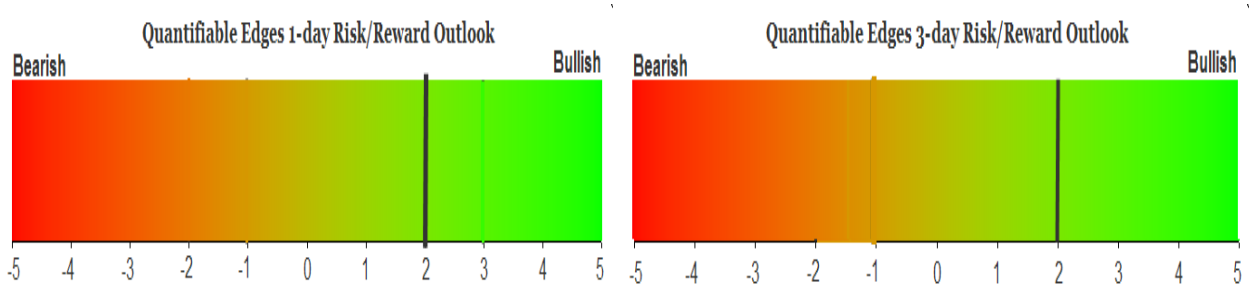
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 30, 2026 Volume 20 Issue 185

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	6

Tonight's Research Points

- The SOX showing relative strength on a day the NASDAQ declined has historically suggested an upside edge for the following day, but that edge has flattened out recently.
- Whether SPY closes strong or weak tomorrow afternoon could will help determine whether there may be a turn-of-month edge on Thursday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but evidence is still weak.

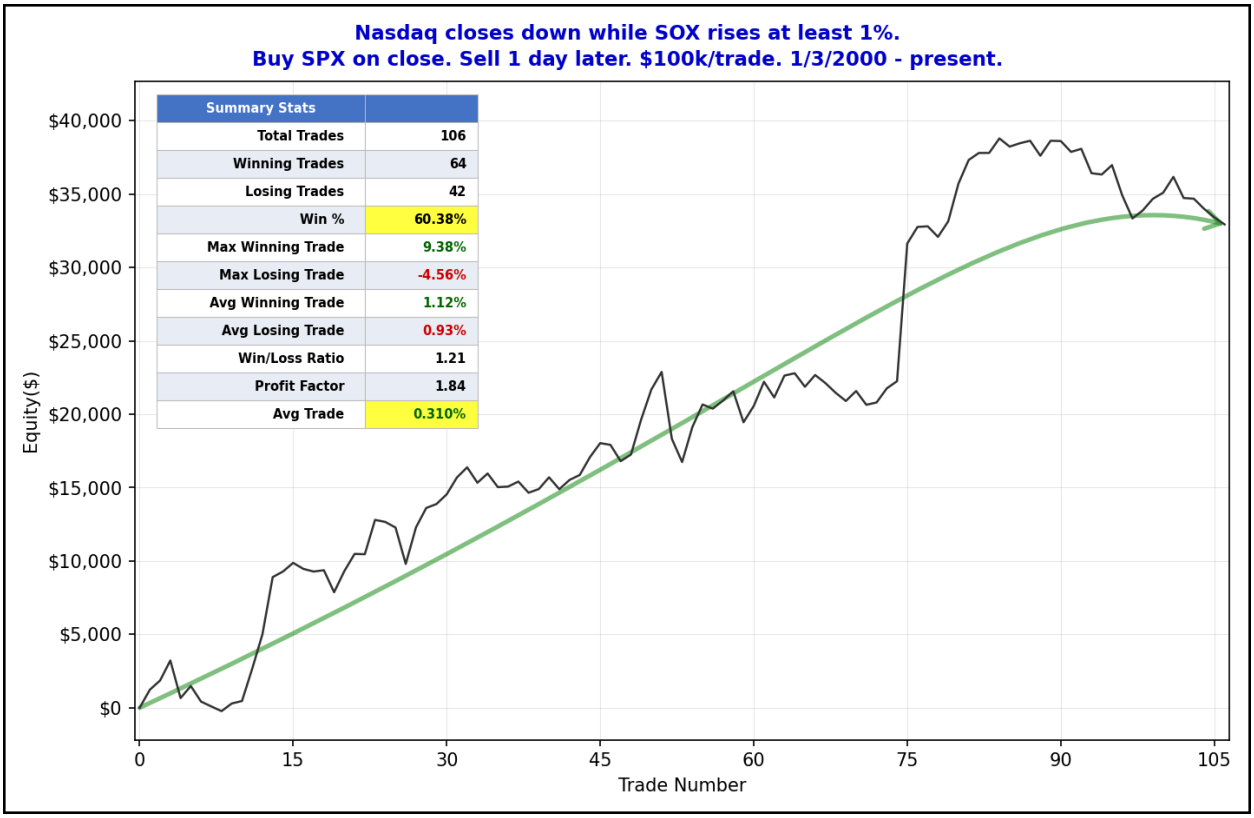
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
None						
Active - Long Term						
September 22, 2026	RUT low in 20-day range, SPX high in range	1-40 days	Bullish	5.17%	-3.67%	-6.92%
September 18, 2026	SPX 20-day low close to 4-day high close	1-20 days	Bullish	3.95%	-1.99%	-4.27%
September 14, 2026	SPX up after 21-day low, on a Friday	1-15 days	Bullish	3.99%	-2.95%	-6.45%
September 8, 2026	NASDAQ leading	int term	Bullish			
August 12, 2026	Hindenburg Omen - 4th signal in 30 days	1-35 days	Bearish	-6.54%	2.95%	4.86%
August 5, 2026	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.91%	-4.26%	-8.73%
August 3, 2026	Down June & down July -> weak Aug & Sep	1-2 months	Bearish			
July 6, 2026	No QE. Rate rise probable. Fed hawkish	int term	Bearish			
May 27, 2026	NDX > 18% above 200ma	1-90 days	Bullish	13.80%	-9.37%	-18.64%
May 13, 2026	SPX historically strong 6-week rally	1-12 months	Bullish	18.96%	-8.29%	-10.88%
April 27, 2026	Sell in May 2nd yr Pres Cycle & 5% pullback	1-6 months	Bearish			
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			

The Evidence

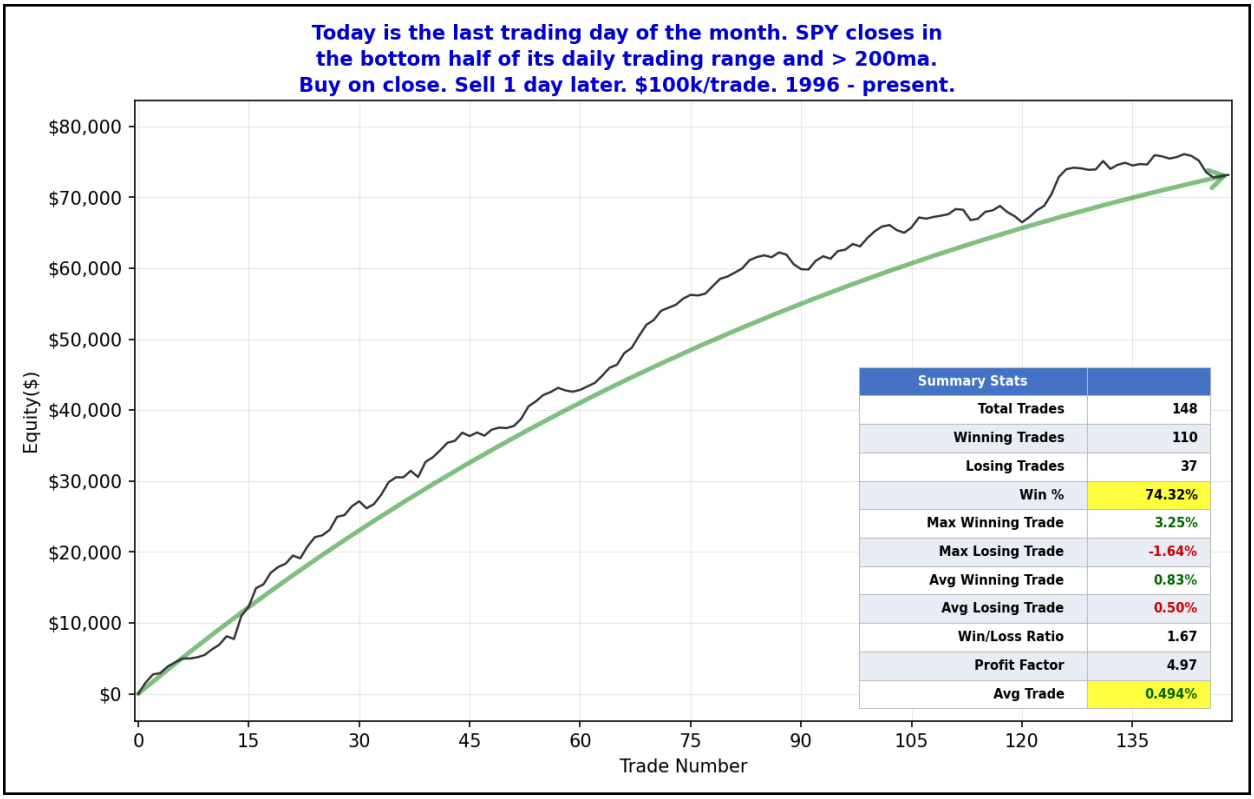
Tuesday was a down day for the market. SPX finished lower by 0.2%, the NASDAQ lost 0.09%, and the Russell 2000 declined 0.4%. Breadth was negative as the NYSE Up Issues % closed at 42% and the NYSE Up Volume % posted a 41% reading. NYSE total volume declined some from Monday's level.

Only one study triggered in the Quantifinder tonight. It looked at times that the Nasdaq declined but the semiconductor index rose strongly. Historically it has suggested a one-day upside edge for both the Nasdaq and the SPX. But over the last several months that edge really has not played out, despite the study triggering multiple times. The chart below shows how the setup has played out for SPX over the years. Results are all current.



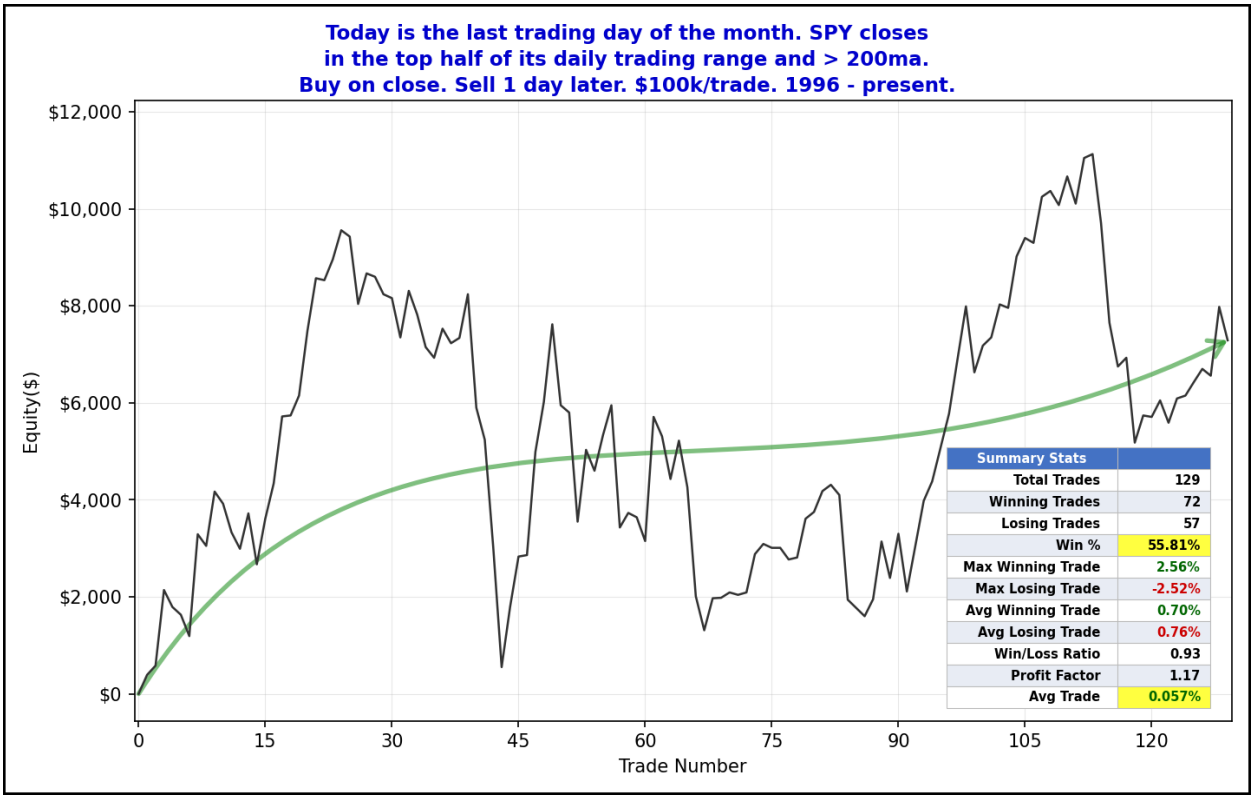
As you can see there were other periods of time where the edge seemed to struggle a bit. The last 25 instances have been as weak as any 25 instances you can point to. And for whatever reason the upside tendency just hasn't persisted in 2026. I have decided to put this study on hold for the time being and I will not be adding it to the active list tonight.

The 1st day of a new month (Thursday) is often a bullish day. But over the years I have found the bullish tendency to be more consistent and powerful when SPY closes poorly on the last trade day of the month. The two studies below delineate between times SPY closed in the top half of its intraday range, and the bottom half. They also utilize a long-term trend filter. First, let's look at times SPY closed in the bottom half.



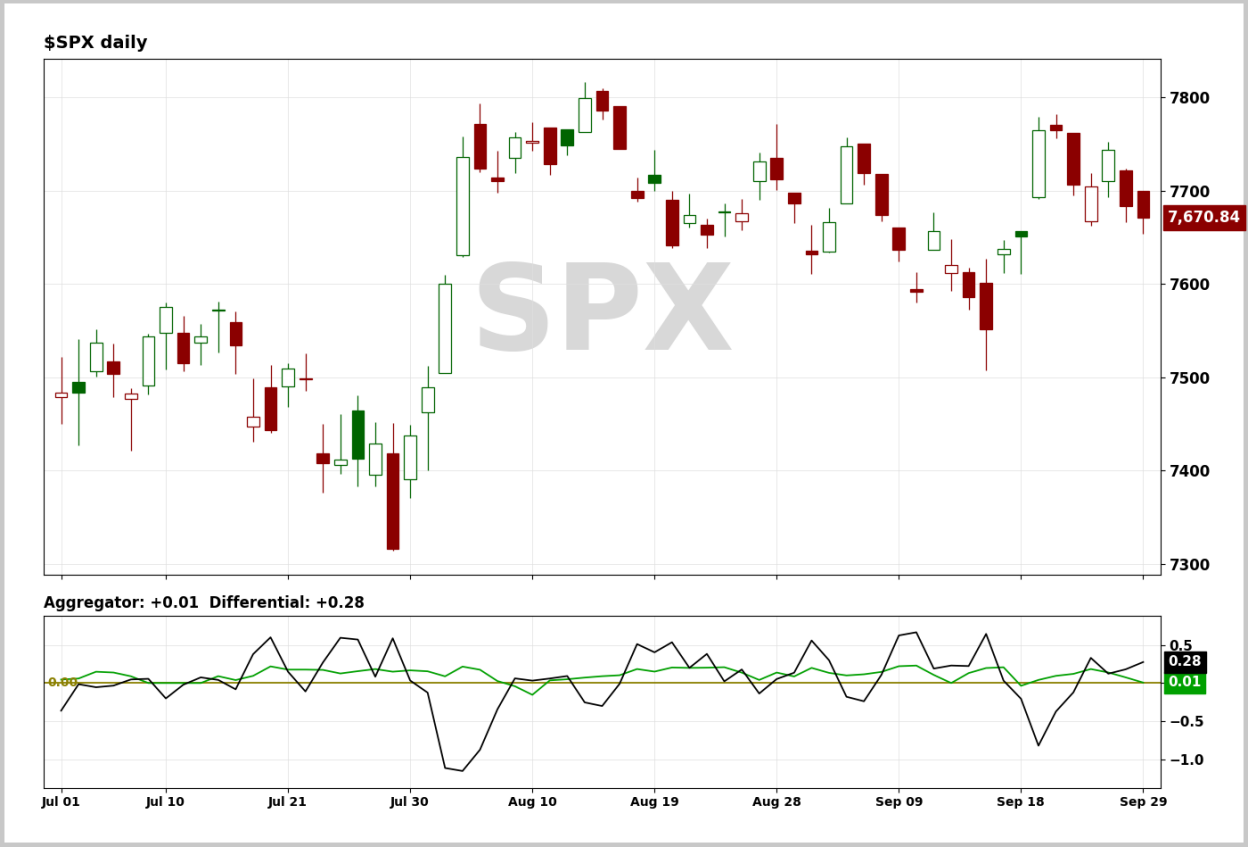
The stats here are very strong. Gains absolutely blow away losses in every category. Gross gains are nearly 5x the size of gross losses. That's a very impressive stat when you are looking at a sample size of 148 instances. And despite a few recent failures, the curve has shown progress over a long period of time. The current dip is not completely out of character, either. There have been a few other instances on the chart where there have been similar struggles. This setup certainly appears to provide a 1-day bullish edge.

But what about times when SPY closed in the top half of its intraday range?



We see here huge inconsistency. And since 2004 there has been a net loss. The 1st day of the month has performed much better with some afternoon selling leading up to the day. So traders may want to keep an eye on Wednesday's action to see how 1st-day-of-month odds set up for Thursday.

I have updated the Aggregator chart below.



Without any new studies being added, the green Aggregator Line remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line held above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator formation stayed long at the close.

With the short-term active list currently bare, expectations are positive entirely thanks to intermediate-term evidence. With this being the case, any evidence that emerges over the next few days could be highly impactful on expectations going forward. Meanwhile, the Differential Pivot will be 7776.84. That is 1.4% above Tuesday's close. Therefore, SPX will need to close up at least 1.4% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. But while the market is squarely oversold, evidence remains light. As we saw above, we should see some bullish 1st-of-month evidence trigger if SPY closes poorly on Wednesday. We may also see some bullish 3-day pullback studies emerge. So while I am not excited about jumping into a new index position right here, I will be if we get a down day and poor close on Wednesday, and I have added a trade idea to that effect in the Trades Ideas section down below.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/28 – bullish

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

FDX – 1/3 @ $279.54 (bought @ limit)
GD – 1/3 @ $336.29 (bought @ limit)
NEE – 1/3 @ $75.62 (bought @ limit)
SO – 1/3 @ $82.89 (bought @ limit)
SO – 1/3 @ $82.88 (bought @ limit)
SO – 1/3 @ $82.35 (buy @ limit)

***Broad Market Large Cap CBI* – 6(FDX, GD, NEE, SO-3)**

Additional New Trade Ideas

SPY – Buy ¼ index position @ $754.19 LIMIT ON CLOSE IF IT ALSO CLOSES IN THE BOTTOM HALF OF ITS INTRADAY RANGE. Based on the short-term outlook above, I will look to take on some long exposure if things play out on Wednesday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SO(1/3)	9/25/2026	$82.67	$83.45	0.94%	Catapult
NEE(1/3)	9/25/2026	$75.62	$75.89	0.36%	Catapult
GD(1/3)	9/25/2026	$336.21	$332.34	-1.15%	Catapult
FDX(1/3)	9/25/2026	$279.54	$287.47	2.84%	Catapult
SO(1/3)	9/28/2026	$82.88	$83.45	0.69%	Catapult
SO(1/3)	9/29/2026	$81.95	$83.45	1.83%	Catapult

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